GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:1715
ANSWERED ON:06.03.2000
SECURITY COVER FOR POWER PROJECTS
RAMSHETH THAKUR;SADASHIVRAO DADOBA MANDLIK

Will the Minister of POWER be pleased to state:

(a) whether the States are facing problems regarding security cover for power projects and distribution and transmission of electricity;

(b) if so, the details thereof;

(c) whether such issue has been discussed in Power Ministers` meet held recently;

(d) if so, the details in this regard; and

(e) the steps being taken by the Government to remedy the situation?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER

(SHRIMATI JAYAWANTI MEHTA)

(a) : Yes, Sir.

(b) : In several States the total number of projects planned in the private sector, taken together with the projects being taken up by the State Electricity Boards (SEBs) themselves or by the Central Power Generating Companies, have a combined capacity in excess of the capacity of the States to give escrow cover to these projects. However, because of the financial weakness of the SEBs, absence of any competition and inability to rationalise tariffs, the Private Power Producers are experiencing difficulties in infusing capital into the power sector.

(c) to (e) : These issues were discussed in the Power Ministers` Conference held on 26-2-2000 and the commitment to supply quality power on demand at reasonable rates to all consumers was re-emphasised. To achieve this, it was resolved that the reforms must be undertaken with determination, vigor and a sense of urgency. The key elements of Reform Strategy will be reduction/ elimination of power theft, energy audit and strengthening of sub-transmission and distribution system, unbundling of State Electricity Boards, etc.

These measures which have been deliberated upon in the Conference of Power Ministers` and measures like corporatisation/cooperatisation/privatisation in the field of distribution of electricity, 100% metering of all consumers etc., are expected to rationalise tariffs in the States thereby progressively enabling them to recover their cost and generate greater resources to support capacity addition and improving the reliability and adequacy of power delivered to the consumers.